



DUQUESNE UNIVERSITY SMALL BUSINESS DEVELOPMENT CENTER

Presented by the Spring 2026 Duquesne SBDC Graduate Assistants

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Introduction: Building a Strong Foundation

- Provides a roadmap for launching and structuring a business
- Focuses on key startup foundations:
- Business clarity
- Legal setup
- Financial organization
- Operations and compliance
- Addresses common challenges faced by new entrepreneurs
- Designed to support SBDC clients and advising sessions

Strong foundations lead to sustainable business success

Business Clarity: Building a Clear Foundation

- Defines the **problem the business solves**
- Identifies **target customers**
- Establishes the **revenue model**
- Sets **clear short-term goals**



Core Business Statement:

“My business helps [customer] solve [problem] by providing [solution].”

A clear business comes before a fundable business

Legal Setup: Structuring Your Business Properly

- Establishes the **legal foundation** of the business
- Provides **liability protection and compliance**
- Supports long-term **financial and operational growth**

Legal setup protects the business and prepares it for growth

Key Legal Setup Steps

- ✓ Choose a **business structure** (LLC, sole proprietor, corporation)
- ✓ Register your **business name**
- ✓ Obtain an **EIN from the IRS**
- ✓ Identify required **licenses and permits**
- ✓ Prepare an **operating or partnership agreement**

Financial Setup: Why Startup Financial Planning Matters

- Creates Operational Clarity
 - Defines systems before launch
 - Reduces confusion as the business grows
- Supports Long-Term Success
 - Improves decision making
 - Helps avoid common startup pitfalls



Financial Setup: Separate Personal and Business Finances

- Why it Matters:
 - Simplifies taxes
 - Improves cash flow management
 - Enhances financial reporting
- Professional Benefits
 - Builds credibility with lenders and investors



Financial Setup: Business Banking Setup

- Typical Required Items and Documents
 - Business name and address
 - Government issued employer identification number
- Recommended Bank Accounts
 - Checking
 - Primary account to track revenues and expenses
 - Service
 - Processing customer electronic card payments
 - Savings
 - Holding reserve cash
 - Payroll
 - Fund payroll and payroll expenses



Financial Setup: Setting Up Basic Bookkeeping

- Bookkeeping – the process of recording, organizing, and maintaining a business's financial transactions to ensure accurate financial management.
 - Track all revenues, expenses, financing, and investments
 - Maintain supporting documents such as receipts and invoices
 - Use accounting software like QuickBooks
 - Have a CPA periodically review financials



Financial Setup: Understanding Monthly Expenses and Pricing

- Building a Pricing Strategy
 1. Estimate monthly operating costs
 2. Estimate a realistic number of sales within the first period
 3. Consider competitor pricing and the available market
 4. Set competitive price that covers expenses given expected sales
 5. Periodically revisit pricing strategy as costs and market conditions change

MONTHLY EXPENSES

| | | |
|--------------------------|----------------|-------|
| <input type="checkbox"/> | HOUSE | _____ |
| <input type="checkbox"/> | ELECTRICITY | _____ |
| <input type="checkbox"/> | WATER | _____ |
| <input type="checkbox"/> | GAS | _____ |
| <input type="checkbox"/> | FOOD | _____ |
| <input type="checkbox"/> | INTERNET | _____ |
| <input type="checkbox"/> | MEDICAL | _____ |
| <input type="checkbox"/> | PHONE | _____ |
| <input type="checkbox"/> | CREDIT | _____ |
| <input type="checkbox"/> | CAR | _____ |
| <input type="checkbox"/> | SPORT | _____ |
| <input type="checkbox"/> | CLOTHES | _____ |
| <input type="checkbox"/> | CULTURE | _____ |
| <input type="checkbox"/> | TRANSPORT | _____ |
| <input type="checkbox"/> | SUBSCRIPTIONS | _____ |
| <input type="checkbox"/> | OTHER EXPENSES | _____ |

Financial Setup: Preparing a Startup Budget

- Protects Business Stability
 - Helps prevent unexpected cash shortages
 - Acts as financial roadmap for the period
- Startup Budget Components:
 - One time startup costs
 - Estimated continuing operating expenses
 - Projected revenue based on pricing strategy
- Requires continuous monitoring and periodic analysis to ensure accuracy



CORE STARTUP DOCUMENTS

Core startup documents are the essential set of basic business and financial documents that new businesses create to plan, organize, and prove their viability.

These include:

- **Lean business plan or business summary**
A simple overview of your idea, target customer, and how you make money.
- **Startup cost breakdown**
A list of everything you need to start and how much it will cost.
- **12-month cash flow projection**
A monthly estimate of money coming in and going out.
- **Personal financial statement**
A snapshot of your personal finances (income, savings, debts).
- **Partnership or contract agreements**
Written agreements that define roles, responsibilities, and terms.



Lean Business Plan

A simple summary that explains your business idea and how it will work.

Key Elements

1. Problem

- What problem are you solving?
- Why does it matter?

2. Target Customer

- Who are you selling to?
- Be specific (age, location, needs)

3. Value Proposition

- Why will customers choose you?
- What makes you different?

4. Revenue Model and Cost Structure

- How will you make money?
- What are your main costs?

5. Key Activities

- What do you need to do to operate?
- (Production, marketing, sales)



Startup Cost Breakdown

A structured list of all the expenses required to launch a business

| STARTUP COST BREAKDOWN | | |
|--|----------------------|--|
| COFFEE SHOP | | |
| CATEGORY | ESTIMATED COST (USD) | |
|  Lease Deposit & First Month Rent | \$15,000 | |
|  Build-Out / Renovations | \$40,000 | |
|  Equipment (espresso machine, grinder, refrigeration, etc.) | \$35,000 | |
|  Furniture & Fixtures | \$15,000 | |
|  Initial Inventory (coffee, supplies, etc.) | \$5,000 | |
|  Licenses & Permits | \$2,500 | |
|  Marketing & Grand Opening | \$3,500 | |
|  Insurance | \$2,500 | |
|  Technology (POS system, software, website) | \$3,500 | |
|  Professional Fees (legal, accounting) | \$3,500 | |
|  Working Capital (3 months operating expenses) | \$25,000 | |
|  Miscellaneous / Contingency | \$7,000 | |
| TOTAL STARTUP COST | \$157,500 | |



12-Month Cash Flow Projection

| Month | Cash In (Revenue) | Cash Out (Expenses) | Net Cash Flow (Inflow - Outflow) |
|--------------|-------------------|---------------------|----------------------------------|
| Jan | \$15,000 | \$24,000 | -\$9,000 |
| Feb | \$17,000 | \$24,000 | -\$7,000 |
| Mar | \$19,000 | \$24,000 | -\$5,000 |
| Apr | \$21,000 | \$24,000 | -\$3,000 |
| May | \$23,000 | \$25,000 | -\$2,000 |
| Jun | \$25,000 | \$25,000 | \$0 |
| Jul | \$27,000 | \$25,000 | \$2,000 |
| Aug | \$28,000 | \$25,000 | \$3,000 |
| Sep | \$27,000 | \$25,000 | \$2,000 |
| Oct | \$28,000 | \$25,000 | \$3,000 |
| Nov | \$30,000 | \$26,000 | \$4,000 |
| Dec | \$32,000 | \$27,000 | \$5,000 |
| TOTAL | \$292,000 | \$299,000 | -\$7,000 |

Why This Matters

- Helps estimate how much cash the business needs to operate
- Identifies when the business will reach break-even
- Shows potential periods of cash shortages
- Supports better financial planning and decision-making
- Demonstrates the business's ability to become profitable over time

Key Insights:

- The business operates at a loss during the first 5 months due to startup and operating costs
- Break-even is reached around Month 6
- The business generates steady positive cash flow in the second half of the year
- Revenue growth reflects gradual customer acquisition and brand development
- Profitability improves toward year-end as operations stabilize

Personal Financial Statement

EXAMPLE

A snapshot of your personal financial position used by lenders and investors to assess your creditworthiness and financial strength.



| ASSETS (What You Own) | |
|-----------------------|-----------------|
| Cash & Savings | \$8,000 |
| Checking Account | \$2,000 |
| Car Value | \$10,000 |
| Investments | \$5,000 |
| TOTAL ASSETS | \$25,000 |

| LIABILITIES (What You Owe) | |
|----------------------------|-----------------|
| Student Loans | \$12,000 |
| Credit Card Debt | \$3,000 |
| TOTAL LIABILITIES | \$15,000 |

| | | | | | |
|------------------|-----------------|---|-------------------|---|------------------|
| NET WORTH | Total Assets | – | Total Liabilities | = | \$10,000 |
| | \$25,000 | | \$15,000 | | NET WORTH |

- Snapshot of personal financial position
- Shows ability to invest in the business
- Used by banks to assess risk

Shows your financial strength to lenders and investors

Helps determine how much you can invest in the business

Often required for loan applications

Partnership and Contract Agreements

- **What it is**
 - Written agreements between partners or with third parties
 - Defines how the business operates
- **Key components**
 - Ownership percentage
 - Roles & responsibilities
 - Profit sharing
 - Decision-making authority
 - Exit terms
- **Why it matters**
 - Prevents misunderstandings and conflicts
 - Protects all parties legally



Why do these Documents Matter

1. Help you stay organized by keeping all your business information clear and in one place.
2. Show if your business idea makes sense to understand your costs, revenue, and overall viability.
3. Required for loans or investors, as they need to review your plan before funding.
4. Reduce risk and surprises by planning ahead and avoiding financial or operational problems.

Compliance and Risk Assessment

Understanding Tax Responsibilities

- Legal setup of businesses alters tax obligations
 - Sole proprietorships, Partnerships, Limited Liability Companies
 - Corporations (c-corps) experience double-taxation
- Tax obligations are a real cash outflow
 - Wise to reserve away 20% to 30% of revenues to ensure liquidity in April
- **City of Pittsburgh Department of Finance** for specifics:
 - [Small Business Resources - Pittsburgh, PA](#)
- Consider finding a Tax Advisor (CPA) and/or beginner-friendly software
 - TurboTax Business, H&R Block Business, Quickbooks, etc.



Compliance and Risk Assessment

Identifying Insurance Needs

- The purpose of business insurance is to protect itself from financial losses
 - Tied to the nature of the business being established
- Some of the most commonly utilized insurances include:
 - general liability insurance, professional liability insurance, worker's compensation insurance, product liability insurance, etc.
- Business owners need to understand the types of risks faced for their industry, location, and business model
- Consider this Contractor's Choice Agency article on Pittsburgh specific insurance needs by industry: [Pittsburgh Business Insurance: Requirements & Coverage Guide | CCA Insurance Blog](#)



Compliance and Risk Assessment

Understanding Industry Regulations

- Compliance with industry regulations is essential for operating, companies that fail to uphold regulations can face heavy fines or forced shutdown
- It falls on the business owner to understand everything their company, in their industry, is being held to
 - Does the startup need to worry about customer data privacy, financial reporting and disclosure statements, health, safety, and environmental standards, or local and state laws?
- **Pennsylvania Business One-Stop Shop** for industry requirements and regulations:
 - [PA Business One-Stop Shop - Common State Permits and Licenses](#)



Compliance and Risk Assessment

Proper Recordkeeping and Documentation

- Document everything to cover yourself!
- Keep financial statements and receipts, invoices, contracts and agreements, payroll and employee records, and other documents to ensure others also act honestly towards your business
- Nothing needs to be elaborate, strive for organized
- Can simply use Microsoft Office or Google Suite
 - Hundreds of different options to meet your preferences and recordkeeping needs
 - More important to do something repeatable and understandable



Products Vs Service

Products

- Tangible items or goods sold through B2B or B2C
 - Ex: store displays, websites
- Intangible items like digital content
 - Online gaming platforms stored
- Inventory tracking

Services

- Intangible skills or expertise sold through B2B or B2C
 - Done by someone else
- Meet the customer's needs
 - Build trust



Operational Workflow

- Step by step process that occurs in a specific sequence to complete all business processes

1) Mapping the Process

- Identify and prioritize processes

2) Gathering Information

- Research and document all information

3) Outline Steps

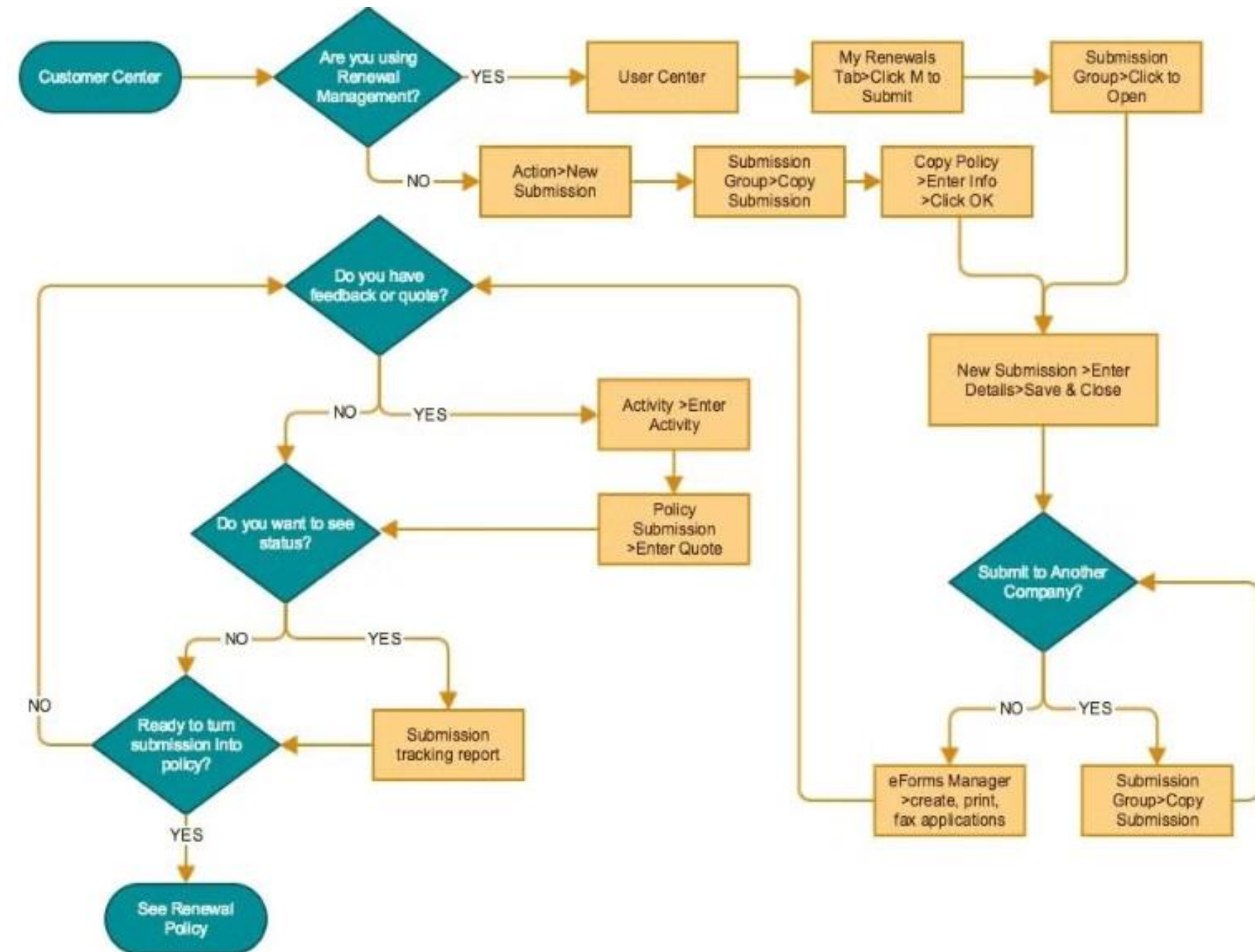
- Identify all steps that need to be taken with a timeline

4) Flowcharts

- Create centralized workflow for all team members

5) Feedback/Revisions

- Get feedback on operations and make revisions accordingly



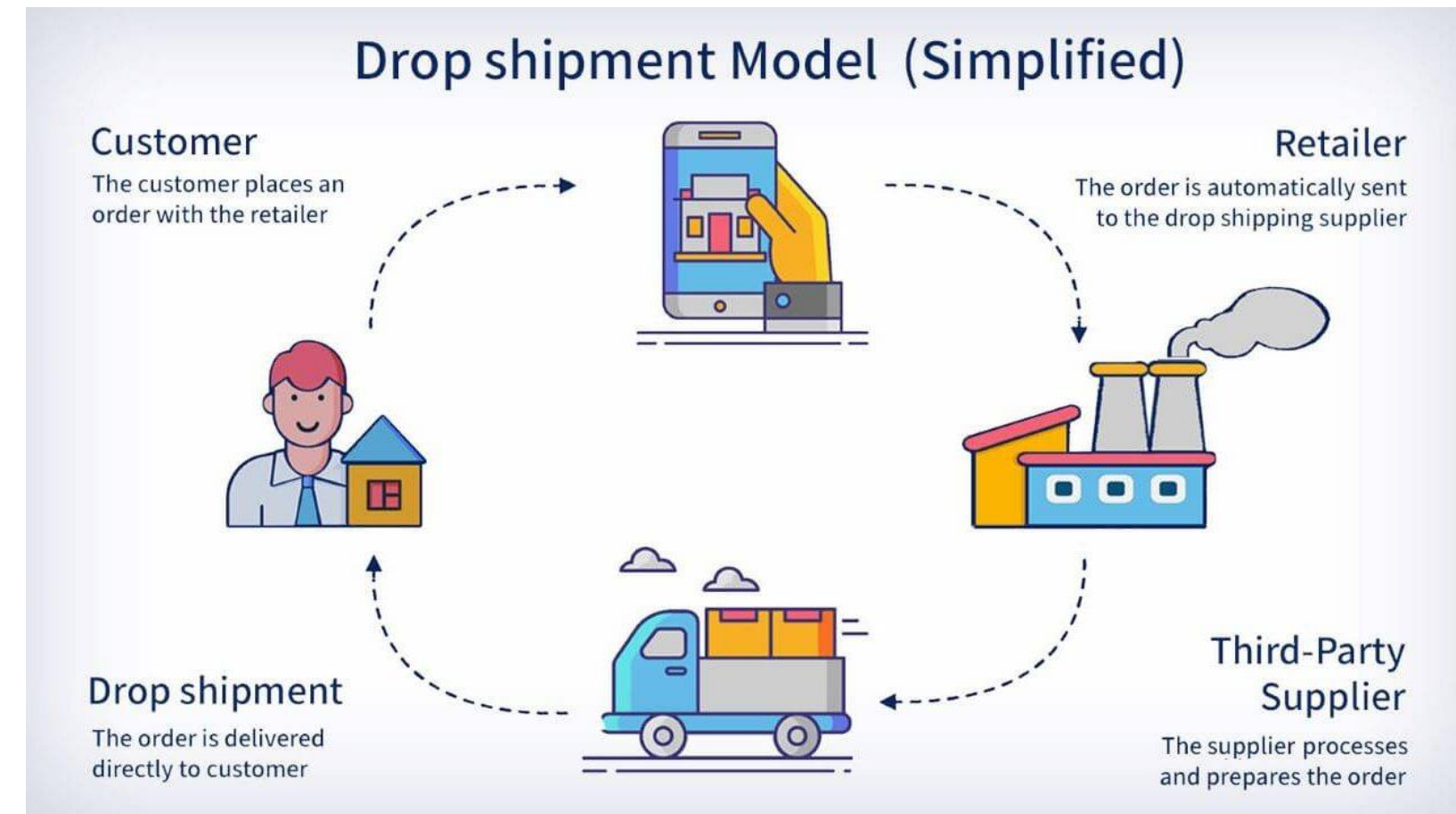
Suppliers Vs Vendors

Suppliers

- Provides raw materials, good, or services
- "Primary Link of Supply Chain"
- Types:
 - Manufacturers
 - Wholesalers
 - Distributors
 - Importers
 - Agents/Brokers

Vendors

- Sells finished products/ direct services
- Improves established procedures
- Types:
 - Retail
 - Service
 - Online
 - Drop-Ship



Developing Customer Acquisition

- GOAL: Bring in new customers
- Each customer requires unique needs
- "You are your own brand"
 - Be informative on your products
 - Present through social media, posters, etc.
- How will you solve their problems?
- Engagement is KEY!

Creating an Effective Customer Acquisition Strategy



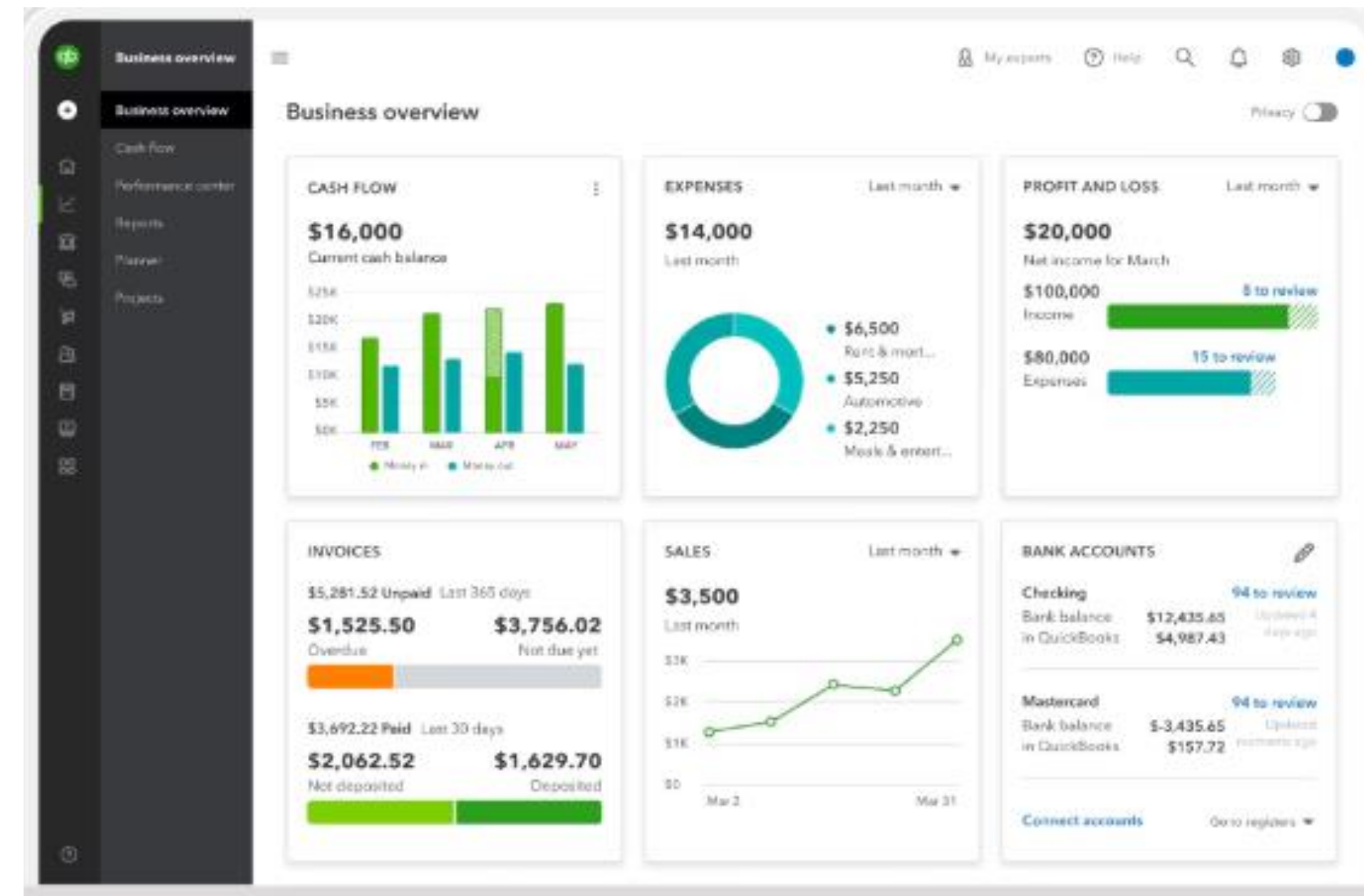
Tracking Sales and Expenses

Sales

- CRM – Customer Relationship Management
 - Sales Tracking System
 - Data stored information
- Highlights overall success
 - Trends?
 - Weaknesses?
 - Strengths?

Expenses

- Track all purchases
 - Keep receipts
 - Track in real time
- Categorical spending
- Cross-reference with bookkeeping
- Recommendations:
 - QuickBooks
 - FreshBooks



Funding Types

- **Loans:**
 - Borrowed funds from banks, credit unions, or online lenders
 - Repaid with interest
- **Grants:**
 - Funds awarded from governments, nonprofits or foundations
 - No repayment but their use could be restricted
- **Revenue:**
 - Funds earned from selling products or services



When is a Business Loan Ready?

What could a lender be looking for:

- Proven Track Record: Consistent revenue history and positive cash flow
- Documentation: Up-to-date financial statements and tax returns (or detailed projections for startups)
- Personal Foundation: Strong personal credit is often the "make or break" factor for early-stage owners
- Focus on record-keeping and customer acquisition first

Personal Credit and Startup Capital

- The borrowing and repayment history of an individual. When a business is starting out this is where many investors look. High scores lead to lower interest rates and better loan terms.
- Best Practices:
 - Pay all personal bills on time.
 - Keep credit utilization low.
 - Avoid taking on unnecessary personal debt while launching.
- Startup capital can be sourced through personal savings, investors, loans, or crowdfunding.



How the Business Stage Affects Funding

- Stage 1: Idea & Exploration
 - Focus: Research and planning
 - Funding: Personal savings and low-cost startup resources
- Stage 2: Pre-Launch & Startup
 - Focus: Refining products and setting prices
 - Funding: Crowdfunding, Personal contributions, SBA backed loans
- Stage 3: Early Operations
 - Focus: Steady revenue, consistent customers, and basic bookkeeping
 - Funding: Reinvesting revenue from operations
- Stage 4: Growth & Expansion (After 1,2 years)
 - Focus: Repeat customers and building financial history
 - Funding: Investors, Lines of credit, SBA backed loans, Commercial loans



Role of the Small Business Development Center

- Supports entrepreneurs throughout the startup process
 - Business planning
 - Legal setup
 - Financial organization
 - Funding readiness
- Helps business owners understand the steps to build a strong and sustainable foundation
- Offers a comprehensive program to businesses looking for succession planning

- Graduate Assistants and Fellows
 - Supporting research
 - Assisting with client preparation and communication

BECOME A CLIENT/REFER A CLIENT!

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